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PSI CORPORATION

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

PSI CORPORATION (f/k/a/ FRIENDLYWAY
CORPORATION, f/k/a BIOFARM, INC.),

Plaintiff,

vs.

ALEXANDER VON WELCZECK,
HENRY LO, MICHAEL DRAPER,
and FRIENDLYWAY AG,

Defendants.

FRIENDLYWAY, INC., KARL
JOHANNSMIEIER, PACIFIC CAPSOURCE,
INC., and DERMA PLUS, INC.,

Nominal Defendants.

Case No. C 07-02869 SBA

**PLAINTIFF PSI CORPORATION'S
ADMINISTRATIVE MOTION TO
CONSIDER WHETHER CASES SHOULD
BE CONSIDER RELATED**

Pursuant to Civil L.R. 7-11, Plaintiff PSI Corporation files this Administrative Motion and moves this Honorable Court to grant its motion and issue an order relating an action recently removed to the United States District Court for the Northern District of California with this action.

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I. THE RELATED ACTION

Plaintiff PSI Corporation recently filed a Notice of Removal on June 8, 2007 in the case captioned, *friendlyway Ag v. PSI Corporation*, Case No. C 07 – 2990 MEJ (hereinafter “Removed Action”). Prior to its removal to this Court, the Removed Action was pending in the Superior Court in and for the County of San Francisco, Case no. CGC-07-462622. The complaint in the Removed Action was filed in Superior Court on or about April 23, 2007 and putatively served on a subsidiary of PSI Corporation on or about May 10, 2007.

II. ADMINISTRATIVE RELIEF REQUESTED

Plaintiff requests that the Court issue an Order that the removed case is related to the instant action pursuant to Civil L.R. 3-12 & 7-11.

III. REASONS ADMINISTRATIVE RELIEF IS SOUGHT

Civil L.R. 3-12(a) defines a related case as one where:

- (1) The actions concern substantially the same parties, property, transaction or event; and
- (2) It appears likely that there will be an unduly burdensome duplication of labor and expense or conflicting results if the cases are conducted before different judges.

Civil L.R. 3-12(a).

Whenever a party believes that an action removed to this district may be related to an action pending in this district, that party must file in the earlier filed case an Administrative Motion to Consider Whether Cases Should be Related. Civil L.R. 3-12(b). Plaintiff believes the Removed Action is related to this action because the Removed Action concerns substantially¹ the same common stock issued in the same corporate acquisition that is at issue in this case. Further, there exists the likelihood of conflicting results if the

¹ The number of parties/shareholders in this case is larger than the number of shareholders/former shareholders in the Removed Action. The same shares of stock are at issue in both cases although the Removed Action includes additional defendants and, thus, additional shares of stock.

1 two cases are separately conducted before different judges. In the Removed Action,
2 friendlyway AG seeks to compel Plaintiff to convey or transfer all of the shares allegedly
3 issuable in a Share Exchange Agreement. Whereas, Plaintiff seeks to cancel or rescind the
4 Share Exchange Agreement and further seeks the return of the Plaintiff's stock described in
5 that agreement. If the Removed Action independently proceeded to a judgment, the
6 Removed Action could come into conflict with this action in that one case could direct the
7 enforcement of an agreement that is rescinded by the other court, or by one case directing
8 the conveyance shares that the other directs to be returned. Should the two lawsuits be
9 conducted before different judges, it would pose the likelihood of unduly burdensome
10 duplication of labor and effort concerning discovery and other pre-trial procedures and,
11 further, it would pose the likelihood of conflict results over the same agreement and the
12 same corporate stock.

13
14 The administrative remedy of finding the two cases related also fosters judicial
15 economy and efficiency.

16 IV. CONCLUSION

17 For the foregoing reasons and based upon this Administrative Motion and the
18 Supporting Declaration, Plaintiff respectfully requests that the administrative relief herein
19 sought be granted, and that this Court consider this action and the Removed Action as
20 related under Civil L.R. 3-12(a).

21 Dated: July 12, 2007.

COZEN O'CONNOR

23 By: s/Daniel D. Harshman
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25 Attorneys for Plaintiff
PSI Corporation

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